

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-08 ISO-00 TRSE-00 XMB-02 L-03 AID-05 OMB-01
DODE-00 AGRE-00 CIAE-00 INR-07 NSAE-00 PM-04 NSC-05
SP-02 SS-15 H-01 /062 R

DRAFTED BY EB/IFD/OMA: B G CROWE
APPROVED BY EB/IFD/OMA: R J RYAN
GC/HG: M KITAY
TREAS: R FEINBERG
EXIMBANK: J HUBER (INFO)
L/EB: P MICKEY (INFO)
-----221019Z 006601 /23-12
R 212150Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA

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E.O. 11652: GDS

TAGS: EFIN, EGEN, CG

SUBJECT: ZAIRE DEBT RESCHEDULING

1. A SUGGESTED TEXT FOR A USG-GOZ BILATERAL DEBT RESCHEDULING AGREEMENT IS BEING POUCHED TODAY. BOTH FRENCH AND ENGLISH VERSIONS ARE INCLUDED. REQUEST YOU PRESENT THESE TEXTS FOR THE APPROVAL OF APPROPRIATE GOZ OFFICIALS, AND ONCE SUCH APPROVAL IS OBTAINED ASK THEM TO NOTIFY THE ZAIRE EMBASSY HERE THAT THE TEXTS HAVE BEEN AGREED BY THE GOZ. WE HAVE FORWARDED AN INFORMATION COPY OF THE TEXT TO THE EMBASSY OF ZAIRE. WHILE WE BELIEVE IT WOULD BE EASIER TO NEGOTIATE ANY CHANGES THE GOZ MAY REQUEST IN KINSHASA, THE FINAL AGREEMENT -- IN ACCORDANCE WITH PAST PRACTICE -- SHOULD BE SIGNED HERE IN WASHINGTON BY ZAIRE'S AMBASSADOR.
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2. THE FOLLOWING SUMMARIZES THE PROPOSED BILATERAL AGREEMENT:

-- AMOUNTS TO BE RESCHEDULED:

EXIMBANK 31.935 MILLION DOLS

DOD 7.042 MILLION DOLS
AID 3.770 MILLION DOLS
PL-480 1.924 MILLION DOLS
CCC 1.339 MILLION DOLS

TOTAL 46.010 MILLION DOLS

-- INTEREST RATE:

EXIMBANK 8.375 PERCENT
DOD 8.375 PERCENT
AID 3.5 PERCENT
PL-480 3.5 PERCENT
CCC 8.375 PERCENT

WEIGHTED AVERAGE 7.77 PERCENT

3. THE FOLLOWING ARE EXPLANATORY NOTES TO SOME OF THE
POINTS IN THE DRAFT TEXT:

(A) THE INTEREST RATE OF 3.5 PERCENT ON DEBT OWED TO A.I.D.
REPRESENTS THE LOWEST INTEREST RATE AID CAN LEGALLY AC-
CEPT. IT IS BASED ON THE WEIGHTED AVERAGE OF THE AID
LOANS BEING RESCHEDULED. THE INTEREST RATE OF 8.375 PER-
CENT ON EXIMBANK DEBT IS THE RATE THAT EXIMBANK WOULD
CURRENTLY CHARGE ON NEW EXIMBANK CREDIT -- OF COMPARABLE
MATURITY -- TO ZAIRE.

(B) REGARDING ARTICLE IV, PARAGRAPH 4. UNDER THE PRO-
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VISIONS OF THE PARIS CLUB AGREEMENT, A.I.D. IS TO RE-
SCHEDULE 3.770 MILLION DOLS. OF THE 3.770 MILLION DOLS,
0.340 MILLION DOLS RELATES TO A 10 MILLION DOL PRIVATE
BANK LOAN GUARANTEED BY THE HOUSING INVESTMENT GUARANTEE
(HIG) PROGRAM. A.I.D. WISHES TO AVOID RESCHEDULING THIS
PARTICULAR LOAN GIVEN THE IMPORTANCE ATTACHED TO SUCH
LOANS WITHIN AID'S DEVELOPMENT OBJECTIVES. MOREOVER,
IF THE LOAN WAS INCLUDED IN THE RESCHEDULING AGREEMENT
AND THE PRIVATE BANK ACCELERATED THE FULL LOAN OBLIGATION
IT WOULD SIGNIFICANTLY REDUCE AID'S 50 MILLION DOL RESERVE
ON GUARANTEED DEBT FOR THE ENTIRE HIG PROGRAM. THUS IN-
STEAD OF RESCHEDULING THE 0.340 MILLION DOL HIG LOANS,
AID WISHES TO RESCHEDULE THE EQUIVALENT AMOUNT IN OTHER
DEBT SERVICE DUE TO AID BUT NOT INCLUDED IN THE RESCHE-
DULING. FROM ZAIRE'S POINT OF VIEW, THE TOTAL AMOUNT RE-
SCHEDULED IS NOT AFFECTED, AND WILL BE THE SAME AS IT WOULD
BE IF THE HIG LOAN WAS RESCHEDULED.

(C) REGARDING ARTICLE V, PARAGRAPH 1. ACCORDING TO SECTION

4 OF THE FOREIGN DISASTER ASSISTANCE ACT OF 1974, WE ARE
REQUIRED TO TRANSMIT A COPY OF THE AGREED BILATERAL TO THE
CHAIRMAN OF THE SENATE FOREIGN RELATIONS COMMITTEE AND THE
SPEAKER OF THE HOUSE OF REPRESENTATIVES "NO LESS THAN

THIRTY DAYS PRIOR TO ITS ENTRY INTO FORCE". AFTER AN
AGREEMENT IS SIGNED, WE WILL COMPLY WITH THIS PROVISION
AND THEN NOTIFY THE AMBASSADOR OF ZAIRE IN WRITING WHEN
THE 30 DAY PERIOD HAS BEEN COMPLETED. (PAST SUBMISSIONS
REGARDING RESCHEDULINGS FOR CHILE, INDIA, PAKISTAN AND
BANGLADESH DID NOT GENERATE ANY CONGRESSIONAL REACTIONS).

4. WE REGRET THE DELAY IN REACHING AN AGREED USG TEXT TO
SUBMIT TO ZAIRE, AND WOULD APPRECIATE ANYTHING YOU CAN DO
TO EXPEDITE NEGOTIATIONS WITH THE GOZ.

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5. FOLLOWING THE ENTRY INTO FORCE OF THE UMBRELLA USG-GOZ
AGREEMENT, THE USG CREDITOR AGENCIES INVOLVED WILL PREPARE
INDIVIDUAL AGENCY AGREEMENTS WHICH -- WHILE CONFORMING
FULLY TO THE PROVISIONS OF THE UMBRELLA AGREEMENT -- WILL
BE MORE SPECIFIC ON INDIVIDUAL AGENCY DATA, REPAYMENT
SCHEDULES, ETC.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT DEBTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE014167
Document Source: CORE
Document Unique ID: 00
Drafter: B G CROWE
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770024-0312
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770128/aaaaayrz.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 90ccb7d2-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
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Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3532902
Secure: OPEN
Status: NATIVE
Subject: ZAIRE DEBT RESCHEDULING
TAGS: EFIN, EGEN, CG
To: KINSHASA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/90ccb7d2-c288-dd11-92da-001cc4696bcc
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